

Comparative Advantage Worksheet:

What is the difference between absolute advantage and comparative advantage?

Use the charts to complete the following questions:

MIKE & DEBBY

	Mike	Debby
Vacuum room	60 minutes	30 minutes
Wash Dishes	45 minutes	45 minutes

Mike:

1 room = _____load

1 load = _____room

DEBBY:

1 room = _____load

1 load = _____room

1. What is Mike's opportunity cost of vacuuming in terms of washing dishes?
2. What is Mike's opportunity cost of washing dishes in terms of vacuuming?
3. What is Debbie's opportunity cost of vacuuming in terms of washing dishes?
4. What is Debbie's opportunity cost of washing dishes in terms of vacuuming?
5. Who has the *absolute* advantage in vacuuming?
6. Who has the *absolute* advantage in washing dishes?
7. Who has the *comparative* advantage in vacuuming?
8. Who has the *comparative* advantage in washing dishes?
9. Who should do which chore and why?

ANDY & HANNAH

	Andy	Hannah
cleaning offices	60 minutes	20 minutes
cleaning jail cells	30 minutes	15 minutes

ANDY:

1 office = _____jail cells

1 jail cell = _____office

HANNAH:

1 office = _____jail cells

1 jail cell = _____office

10. What is Andy's opportunity cost of cleaning offices in terms of cleaning jail cells?
11. What is Hannah's opportunity cost of cleaning offices in terms of cleaning jail cells?

12. What is Andy's opportunity cost of cleaning jail cells in terms of cleaning offices?
13. What is Hannah's opportunity cost of cleaning jail cells in terms of cleaning offices?
14. Who has the *absolute* advantage in cleaning offices?
15. Who has the *absolute* advantage in cleaning jail cells?
16. Who has the *comparative* advantage in cleaning offices?
17. Who has the *comparative* advantage in cleaning jail cells?
18. Who should do which chore and why?

US & JAPAN

	US	JAPAN
Cars	12	10
Computers	4	6

US:

1 car = _____ computer

1 computer = _____ car

JAPAN:

1 car = _____ computer

1 computer = _____ car

19. What is the US's opportunity cost of making cars?
20. What is Japan's opportunity cost of making cars?
21. What is US's opportunity cost of making computers?
22. What is Japan's opportunity cost of making computers?
23. Who has the *absolute* advantage in cars?
24. Who has the *absolute* advantage in computers?
25. Who has the *comparative* advantage in cars?
26. Who has the *comparative* advantage in computers?
27. Which country should produce which good and why?